

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1257 - HB 1621

March 25, 2011

SUMMARY OF BILL: Defines “all terrain vehicle” for the purpose of registration for such vehicles. Authorizes a permanent registration fee of \$11.25 for all terrain vehicles. Creates a new permanent license plate for all terrain vehicles that are registered. Requires \$7.00 of the \$11.25 registration fee be apportioned to a new dedicated fund to be administered by the Department of Environment and Conservation for the purpose of making grants, \$1.00 to the Tennessee Association of Rescue Squads (TARS), and the remaining \$3.25 to the General Fund. Specifies guidelines for which grants are to be issued from the newly-created dedicated fund. Authorizes the Department of Revenue (DOR) to collect a \$4.00 fee for the issuance of temporary operating permits for non-residents desiring to operate all terrain vehicles within the state. Apportions \$3.50 of the \$4.00 fee to the newly-created dedicated fund, and the remaining \$0.50 to TARS. Establishes the rules of the road for all terrain vehicles. Creates a Class C misdemeanor for any rules of the road violation. Authorizes local governments to charge a fee up to \$25.00 for the permitted use of all terrain vehicles on local roadways.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$3,300/General Fund
\$7,400/Dedicated Fund
\$1,100/Tennessee Association of Rescue Squads
\$2,700/Department of Revenue**

Increase State Expenditures – \$2,700/Department of Revenue

Increase Local Revenue - \$27,700

Increase Local Expenditures – Not Significant

Assumptions:

- DOR estimates 1,000 registrations and 100 temporary permits issued each year.
- DOR indicates that all registrations and temporary operating permits will be issued by county clerks. As a result, DOR estimates a county wheel tax \$2.50 for registrations and a county fee of \$2.00 for temporary operating permits.

- The state fee for all terrain vehicle registration is \$11.25; the state fee for temporary operating permits is \$4.00; the local government fee for registrations is \$27.50 (\$25.00 + \$2.50); and the county fee assessed for temporary operating permits is \$2.00.
- The increase in state registration fee revenue will be \$11,250 (1,000 x \$11.25). The apportionment of this revenue will be as follows: \$7,000 to the new dedicated fund; \$1,000 to TARS; and \$3,250 to the General Fund.
- The increase in temporary operating permit fee revenue will be \$400 (100 x \$4.00). The apportionment of this revenue will be as follows: \$350 to the new dedicated fund; and \$50 to TARS.
- The total increase in revenue apportioned to the new dedicated fund will be \$7,350 (\$7,000 + \$350); the total increase in revenue apportioned to TARS will be \$1,050 (\$1,000 + \$50); and the increase in revenue apportioned to the General Fund will be \$3,250.
- The recurring increase in local government revenue will be \$27,700 [(1,000 x 27.50) + (100 x \$2.00)].
- DOR indicates a cost of approximately \$2.55 for manufacturing new plates and \$1.00 for the cost of issuance for temporary operating permits. As a result, the recurring increase in state expenditures will be \$2,650 [(1,000 x \$2.55) + (100 x \$1.00)]. DOR will adjust fees accordingly to recover this cost. As a result, a recurring increase in state revenue of \$2,650.
- Any increase in local expenditures to issue 1,000 registrations and 100 temporary operating permits statewide will be not significant.
- There will not be a sufficient number of prosecutions for state or local governments to experience any significant increase in revenues or expenses.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc